

A
LETTER
TO
CERTAIN
BANK DIRECTORS,
FROM
A MERCHANT.

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ARTICLE

OF THE

CONSTITUTION

OF THE UNITED STATES OF AMERICA

As amended by the

A
L E T T E R
TO
Certain Bank Directors.

“**E**XCESSIVE Usury,” it has been said, “is the most unequivocal proof of the
“ the imbecility of States, or symptom of some
“ *internal vice* which corrodes them, and is often
“ the harbinger of the most terrible catastrophes.”

I am led to the adoption of this observation from a consideration of the unparalleled *extortions* that are daily and openly practised in this city—in the purchase and sale of *Promissory Notes*—to the disgrace of civilization and of the national character.

Where must this end?

My enquiries into the causes of the present distresses, are frequently answered by a reference to the injuries and losses our merchants have sustained by the unjust capture of our vessels at sea, and their illegal detention.

These evils, it cannot be disputed, are serious and deeply afflictive: but it must not be disguised that calamity is not confined to that range—it must be ascribed to a cause, operating in various forms, no less fatal, though not so striking to the public discernment—the shameful *monopolizing principle* adopted by the Banks, of discounting for those only who can make large deposits, or, as it is termed, “KEEP GOOD ACCOUNTS.”

When I consider that the aggregate capital of the several Banks in this city, amounts to so many millions of dollars, and (making a due allowance for such parts thereof as cannot but remain inactive at present,) hear complaints so universal, and credit suffering so intensely every day, my astonishment at the public blindness or indifference, is greater than I can express!

I naturally enquire, and wonder that other men do not enquire also, *How is this amazing sum disposed of* EVERY SIXTY DAYS *with so little general satisfaction*—with such misfortunes hourly arising, and such funds at hand?

It is in vain that I labour to find a satisfactory resolution of this important question: The man most biaſſed by interest cannot ſay it is impartially—no candid man that it is juſtly diſpoſed of—or that it is laid out in the manner moſt “uſeful to the commerce and agriculture of the “State,” or to produce the moſt “conſiderable “advantages to *trade* and *industry* in general,” as was contemplated by the ſeveral Acts of Incorporation.

Whatever may be the extent of the injuries and loſſes the merchants have ſuſtained by the capture of their veſſels and other property, they muſt be conſidered as part of the conſequences flowing from their own proceedings in promoting the adoption of a Treaty, which, inſtead of healing the firſt affliction, hath confirmed it into a diſeaſe, and threatens to add diſorders ſtill more grievous.

This measure of politics, however, but partially relates to the present subject, inasmuch, as it is only an external aggrâvation of disorders, which already exist internally, radically pernicious, and fraught with generative destruction.

Must it not be a matter of astonishment to every well informed man—must it not be disgusting to every man not totally absorbed in *avarice*, to be told, that an individual of the best credit shall not be entitled to accommodation at a public institution, because he will not suffer his money to *lie dead in Bank*. What is the true character of such a strange procedure, is it not demanding *a deposit* of money, and at the same time exacting *a discount* for the use of a part of it? Is it not paying interest to the borrower for the use of the lender's money!

Yet such are the shameful extortions openly avowed, notwithstanding *two* of the charters of these public institutions were granted “ under
“ such *limitations* and *restrictions* as not to become
“ an object of *jealousy* or *apprehension* to the good
“ people of the States ; ”——and——“ to the
“ intent that *the Citizens of the State* might not
“ be oppressed ! ”

A most eminent author (1) says, " It is not
 " by augmenting the capital of a country, but
 " by rendering a greater part of that capital
 " *active* and *productive* than would otherwise be
 " so, that *the most judicious operations of banking*
 " can encrease the industry of the country.
 " That part of the capital which a dealer is
 " obliged to keep by him *unemployed* and in ready
 " money for answering occasional demands, *is so*
 " *much DEAD STOCK*; which, so long as it re-
 " mains in this situation *produces nothing to him or*
 " *to his country*. The judicious operations of bank-
 " ing enable him to convert his *dead stock* into
 " *active* and *productive stock*." How contrary is
 this doctrine to the shamefully extortionate and
 usurious " New invention of cashiering " now
 pursued, as it has been termed by Sir Joshua
 Child ! How different from the principles of the
 " Mons Pietatis " of the Bishop of Padua, who
 (in 1490) established a Bank *purposely to counteract*
similar extortion and usury in those days !

One of the principal motives for the establish-
 ment of the *Bank Royale* of Paris was, that " it
 " would make usury to cease (2) ;" and the

(1) Smith's *Wealth of Nations*, p. 319.

(2) Beawe's *Lex Mer.* p. 328.

Bank of England, we are told (3), is an invaluable accommodation to the community, because it has a tendency *to keep low the interest of money*, and is “ *an effectual and permanent check to usury*, “ which is the greatest bane to trade and navigation.”

It has been said (4) that the organization of our banks is on a plan and principles nearly uniform with, and *like to those of the Bank of England*. Why then are effects produced so very opposite and extraordinary? How comes it that the system upon which our banks are conducted at present can only create further distresses *among all those who have not been engaged in their extortions?* How comes it that they throw *into the hands of usury* the means whereby to play with redoubled cruelty upon those distresses which they at first create?

I have been referred to individuals in *Mulberry-street—Chesnut-street—Second-street—Third-street—Water-street*, and *other streets*, as known usurers, OR AGENTS acting for COMPANIES OF

(3) Postleth. Dict. Art. Banking; and 3 Anderson Com. 141.

(4) Coxe's U. S. 480.

USURERS! and I have been confidently assured that those very individuals (with shame be it mentioned!) *can, and do obtain discounts regularly at two of the Banks!*

Whether there is cause for suspicion that several Bank Directors are intimately concerned in some of those establishments or not, may be inferred from the following circumstances of a conversation which took place a few days ago. A Director was met by a Broker, whom he addressed in language and effect nearly as memory can collect thus, “ For shame, J—, for shame! “ why will you not pursue some regular business, “ in preference to being instrumental to the distresses of your neighbours?”—To which the Jew replied—“ Got damn! fwhat haf you to do “ mid it! I sells more notesh to Bank Tirectors “ dan to efry pody else!”—I should not omit adding, that this very Director has been since charged, as I am well informed, *openly to his face*, with purchasing notes!

Some Directors, influenced more by private motives, than a regard for the duties of their appointment and the credit and character of the institutions, make it a practice to examine the

Bank Books of individuals, and where complaints are made of the *reduction of discounts* without cause assigned, to offer as a reason, this sort of reply—
 “ You trade beyond your capital ;” as if a man’s Bank Book stood in the place of his ledger ! Presumptuous Dictators ! who invested you with the insolent authority of inquisitors ? Have you forgot from whence each of you sprang—that to capital you owe nothing, to *credit* your very existence !

It is allowed by all experienced men that “ commerce cannot exist without mutual and “ extensive credit.”—Men of the moment, be cautious !—you have sins to answer for—recollect that “ credit is gained by custom and seldom “ recovers a strain”—read Anderson, and learn what *Banks* are.

“ Although like private merchants,” says he “ their circumstances may not be alike prosperous at all times, we can see no benefit that can “ arise by such *minute enquiries*, so long as they, “ to all appearance, are prosperous and punctual “ in all their affairs ; neither do we apprehend “ these *proper to be enquired into at all*, unless there “ should arise any reasonable suspicion of fraud : “ for as it has been a political observation of

“ long standing, that even the reputation of
 “ great and powerful *Monarchies* and *States*, often
 “ subsist more by common fame or opinion than
 “ by real strength or ability,—*magis fama quam*
 “ *vi*—so it may more strictly and properly be
 “ applicable to a Bank and Bankers, of which
 “ we had a most pregnant instance a few years
 “ ago, at the breaking up and dividing the pro-
 “ fits of *an eminent partnership* of a *private bank*
 “ in London, which, for *many years*, had cleared
 “ or divided *several thousand pounds yearly* for the
 “ partnership; when upon valuing or appraising
 “ all the *real stock* of the partnership before the
 “ highest judge of *Great Britain*, it appeared, even
 “ to that great man’s amazement, that the whole
 “ did not amount to above *three or four hundred*
 “ *pounds*, consisting entirely of shop implements,
 “ and certain household furniture,” &c.

A certain Director some time since, upon an *iron*
merchant’s applying to him, to know what were
 the objections to the paper which he had offered
 at Bank that had not been discounted, was told,
 “ *You should sell your iron!*” This sapient Director
 had, a day or two before, been applying himself
for the iron; but the *ironmonger* expecting (as the
 Director also expected) that the price of iron

would rise, preferred borrowing cash, to selling goods to the Director at a risk of great disadvantage in the course of trade.

Herein may be discerned the power acquired and the means used to profit by a knowledge of the apparent state of individual credit as exhibited in their *Bank Books*—and in this way it is that we can account for numerous objections to the discounting of good notes.

If the Directory of a Bank can *occasionally* have “*twenty thousand dollars*” divided among themselves *in one day*, more than is usual and customary for them to have discounted (which actually happened a few days since) they may with great ease keep “*good accounts*,” and out of the *profits only* by such purchases—hopeful Directors!—graceless deposits!

When the Bank of England was instituted there were but *four* great or considerable Banks in Europe, all of which, excepting that of Genoa alone, were *solely for the convenience of merchants* (5); but our banks, by their system of “good ac-

“counts,” openly and avowedly give usury the preference to the merchant.

Will this mode of proceeding “make money
“plentiful, *trade easy and secure*, raise the price of
“lands, *draw the species of gold and silver into the*
“*hands of the common people*,” as we see it in Hol-
land, Genoa, and other places? (6) Perhaps it
might tend to cure this evil, if the Directors were
obliged to take a *qualification oath*, as is the case in
the Directory of the Bank of England; (7) and as
I find they have adopted in the Bank establishment
at Baltimore.

The Bank of England to support the credit of
mercantile houses, advanced in one week in the
year 1763, 1,600,000 pounds sterling, a great part
of it in bullion, and extended its assistance even to
Hamburg and Holland. (7) The advantages derived
by the British Merchants in the present war are
still more conspicuous. How different, how salu-
tary must the effects of such an institution be, com-
pared with those which give a special countenance
to Usury!—How shocking is it to see such con-
duct under the “most perfect Government,” in

(6) And. 145

(7) Ibid. 146.

(8) Smith's Wealth of Nations, 318.

“ the most *free and enlightened nation in the world !*”
 —in times too when principles are professedly so
 well understood, and when no one pretends to deny
 that “ Commerce cannot subsist without mutual
 “ and extensive Credit,” nor that “ unless money
 “ can be borrowed, Trade cannot be success-
 “ fully carried on.” (9)

But the evils of such abuses are not confined to
 the present time, nor to the present course of trade;
 it is in the first instance establishing a character of
 infamy on the present race, and implanting the
 seeds of poison for the rising generation ; this
 countenancing of the most pernicious practice of
Stock-jobbing and *Usury*, is directly sapping the
 morals and perverting the proper genius of the
 people from *trade* and *industry*, in the most
 abominable, because the most fatal and effectual
 manner that is possible ?

“ The ease of borrowing money at a *short*
 “ *warning is the life of commerce,*” says Black-
 stone (10), and the benefit that is to arise to
 the public *through* commerce, holds the first place
 among his arguments for the admission of a pre-
 mium for the use of money at all. But our

Banks lend to none but those who will consent to PAY interest for LENDING *their own money*, and no matter by what infamous means obtained, and how sustained. This is following the advice of the Governor in his late speech to both chambers, of “ *multiplying the means* by which every species “ of honest industry may be effectually encouraged and rewarded ” with a vengeance !— Will it have a tendency to cultivate “ the relations of Agriculture and Commerce, the *most important* to be considered and cultivated.” Is this considering “ the *direct aid* which may be “ afforded to *commercial industry and enterprize*, “ which ought ever to be distinguished in *their treatment as they are ever distinguishable in their nature*, from the wild and fascinating movements of the spirit of speculation—a spirit that “ never fails to taint the morals, and to blight the “ *credit of the nation* which is exposed to its malignant influence !”

“ Good morning to the day, and next *my gold!*

“ Open the *shrine*, that I may see *my saint!*”

AGRICULTURE is we are told the great leading interest of all states, and employs *nine parts in ten* of the inhabitants of America ;(11) It is the great

leading interest of all societies; (12) and—" in
 " all the countries of Europe, judicious writers
 " have considered *Commerce* as the *handmaid* of
 " *Agriculture*; if true there, with us it must be
 " unquestionable." (13) In the name of common sense and justice then, let it be explained how *Agriculture*, how *nine parts in ten* of the inhabitants are to be benefitted by the Monopoly, Usury, and extortion of our Banks.

What is the nature and true features of an agreement or a resolution, for it is immaterial which form it is executed under, of the Directors of a Bank to countenance such proceedings.—Is it not in fact tantamount to an agreement to create *a run* upon all *the regular followers of Trade and Commerce*?—Is it not striking directly at the very root of *Agriculture*?—Is it not conspiring and creating means for exercising the most treacherous assaults on the property of the simply industrious, and *playing upon the distresses of individuals*? How many have already fallen victims to this avaricious conspiracy—How many have been obliged to stop payment, or been absolutely ruined by this overbearing and intolerably base and wicked machination?

(12) Smith's *Wealth of Nations*, 362.

(13) Coxe's *U. S.* 8.

The Banks make the left-handed *closet agreement* to discount for those only who make a large deposit. This is not known out of doors ! (“ for Bank Directors must not tell the secrets of the “ Bank ”) until it is about to wound the unsuspecting, and by the time so shameful a monopoly of the circulating medium begins to be believed, has already taken place (for honest men with difficulty believe such things.) The paths of regular industry tho’ thus harrassed and cut up, are not at once abandoned, sacrifices are submitted to, and honest men bow lowly to the factors of destruction ; they collect like the ant and bee, the little accumulations of labor and perseverance, but in vain, they cannot make *large deposits*—they are not worthy the grasp of the spoiler !—Their efforts once cramped, *sacrifices* must follow extreme exertions ; these alone can prevent the notes of *honest unsuspecting men* from lying over ! cruel overbearing, horrible system ! How can they expect men totally unsuspecting, and unprepared for such attacks, to make large deposits ? But with what conscience can they expect men to *pay it interest* for money, *while their own lies dead in Bank ?*

Exorbitant, anomalous discounts may well enable a Director to keep a good account. Much less than the *extra sum* of “ *twenty thousand dollars,*” divided *occasionally* among as many others would enable them *all* to keep “ good accounts” also.

A certain *Bank Director* applied to a *stationer* some short time ago, to have a handsome *Bank-Book* made. After the *stationer* had completed his work agreeable to order, he was so much pleased with its elegance, that he resolved to furnish himself with one equally handsome, and exactly like it. A few days after, the *stationer* sent his new and pretty *Bank-Book* to the Bank, to get a *small note wrote in* ; to his surprise his pretty book was returned with a credit for a note which had been discounted (FOR THE DIRECTOR) for “ eighteen thousand dollars.”—The accidental resemblance of two elegant *Bank-Books* caused this mistake, but it also discovered a *fact* that points with silent energy, at the Bank proceedings ; if each Director had the like *indulgence* on the same day, the immense sum of 350,000 dollars must have been at once divided among them.

An *extra* sum of 20,000 dollars occasionally added to such a sum as this, must make a Bank Director's place a *very convenient and eligible one*—and it may no longer be a matter of wonder that Directors can with ease keep “ a good account.”

But “ the specie has all left the country,” says SPECIOUSUS; “ we are obliged *daily to curtail our discounts*,” says HIPOCRITUS;—“ give to each a little, *divide it among you*,” says AVIDIUS;—“ But we can divide it only among those *who keep GOOD ACCOUNTS*,” exclaim one and all!

“ At midnight thus the miser steals untrack'd ! amid his store
 “ And grasps—and grasps—till he can hold no more ;
 “ And when his strength is wanting to his mind
 “ Looks back and sighs—*on what he left behind.*”

It has been wisely said, that “ the circulating
 “ medium being the *soul and food* of commerce, a
 “ corporation possessing a power of the *soul* can
 “ *animate or annihilate* the body at pleasure ;” if this miserly monopolizing spirit is pursued, the body must indeed die a painful and lingering death and carry contagion and ruin into its course.

“ A monopoly of the circulating medium is
 “ an universal *power of embargo* over trade, agri-
 “ culture and manufactures,” and it is immaterial
 whether it is deposited or usurped in the hands of a
 few. “ Banking in its best view ” says an emi-
 nent writer, “ is only a species of *fraud* whereby
 “ labor suffers the imposition of paying *an interest*
 “ on the circulating medium.” That banking
 fairly exercised may be divested of its fraudulent cha-
 racter is beyond dispute ; but that the circulating
 medium is the creature of labor is no less true ; to
 render the creator subject to the creature is an in-
 version of all principles rational and moral, which
 was left for the banks to realize in this “ *most en-*
 “ *lightened and free nation.*”

If there were not the examples of the bank of
 England, of Amsterdam, of Venice, of Edinburg,
 and so many others in Europe, the experience
 which we have had, which every day and every
 hour lives before us, displays and calls for the ne-
 cessity of a *regular, periodical, and general change of the*
directors in each of the banks, and that each director
 (as is the case at Baltimore and elsewhere) should
 be appointed under a *very special oath of qualificati-*
on. The directors of the bank of Amsterdam are

sworn when *they leave the institution* as well as when they first accept the charge. I do not wish to oblige the present directors to swear for the time past—that would be too hard upon them!—I only suggest its future propriety.

Perjury is a horrible crime, it is punished in England with the Pillory—and it is remarkable enough that *Usury* is treated in the same way ;(14) should not *brokers and their infamous bargains* be put up for shame and scorn's pointing finger. A similarly infamous *stock jobbing system*, which is said to have caused the citizens of London “ *to decline trade* “ *and turn usurers,*” arose to so dangerous a height as to require the interference of the National Legislature, and the passing of an act of Parliament, which restrained the brokers to a *certain number*, from acting *without a licence* from the Lord Mayor ; it obliged them to take an oath of fidelity,—their names to be written on the Royal Exchange ;—to incur a penalty if they dealt in such articles themselves, and to enter into an obligation for their faithful actings, and in failure to forfeit 500 pounds ;(15) and it is elsewhere said,(16) their be-

(14) 3 Anderson 179.

(15) 3 Ander. 179. (16) 4 Blackf. Com. 116.

ing guilty of such usurious acts as are daily committed here with impunity would subject them to the penalties of a *Præmunire*.

Legislative interference is unquestionably called for, to guard us against the evils flowing from such scandalous abuses ; and at the same time, since, “ where paper money is pretty much confined “ to the circulation between dealer and dealer, as “ at London, there *is always plenty* of gold and “ silver,” (17) it would be of great public benefit if the issuing of Bank Paper could be restricted to *notes of not less than twenty dollars*.

The election for Directors of the several Banks will shortly come on—these remarks will require the consideration of the Stockholders, and it is hoped that the indispensable necessity of a frequent and general change in the several Directions, will be now considered as sufficiently demonstrated. A personal exposition of names and persons has been avoided, because every one concerned that chuses to enquire, can apply the facts with the proof of them ; the system admits of abuses, and it should obtain the correction of frequent

change of persons, and every preventive of regulation and law that the public good and equal individual security demand.

That the *State Legislature*, will as much as is in their power attend to the correction of evils so universally and severely felt, is most earnestly to be hoped for. Qualification oaths, appear to be an easy and necessary preliminary step, which can be adapted to both the State Banks. It is likewise to be wished, and it appears to be signally incumbent on the LEGISLATURE of the UNITED STATES, to take up a subject involving the best and dearest interests of the nation.

“ Mischiefs are like the Cockatrice’s eye,

“ If they see first, *they kill*—if seen, *they die*.”

December 15.

